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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 03/24/08

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Articles:

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2) EDITORIALS

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(2) Lay judge system requires more court interpreters

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### 3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, March 21

NIKKEI (Page 2) (Full)  
March 22, 2008

08:10

Attended meeting of Regional Bloc System (doshusei) Special Zone Promotion Headquarters. Attended cabinet meeting. Handed written appointment to BOJ deputy governors Shirakawa and Nishimura, joined by Finance Minister Nukaga and Chief Cabinet Secretary Machimura.

09:05

Met at Kantei with Internal Affairs and Communications Minister Masuda, followed by Tokyo Metro President Umezaki.

10:05

Met with Special Advisor Ito. Recorded video-message for "Symposium to Realize Universal Society" attended by New Komeito deputy chief

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Hamayotsu.

11:00

Met with Deputy Foreign Minister Kono.

13:28

Met with Machimura.

14:32

Met with Machimura, Special Advisor to the Cabinet Okuda, Ito, Assistant Deputy Chief Cabinet Secretary Saka, METI Economic and Industrial Policy Bureau chief Suzuki, Cabinet Office Economic and Fiscal Management Director General Saito, and Financial Services Agency Supervisory Bureau chief Nishihara.

15:46

Met with Deputy Chief Cabinet Secretary Futahashi.

16:47

Met with Special Advisor Yamatani, followed by Vice Foreign Minister Yabunaka.

19:01

Attended meeting of National Conference on Social Security.

20:16

Returned to his official residence.

Prime Minister's schedule, March 22

NIKKEI (Page 2) (Full)  
March 23, 2008

09:24

Arrived at his private residence in Nozawa.

14:11

Met Chief Cabinet Secretary Machimura at his official residence.

Prime Minister's schedule, March 23

NIKKEI (Page 2) (Full)  
March 24, 2008

09:23

Departed from the Kantei by GSDF helicopter.

09:45

Met Defense Minister Ishiba, National Defense Academy President Iokibe and others at NDA in Yokosuka, Kanagawa Prefecture.

10:02

Attended the National Defense Academy graduation ceremony.

11:47

Departed from the National Defense Academy by GSDF helicopter.

12:05

Arrived at the Kantei.

12:10

Returned to his official residence.

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4) Poll: Cabinet support dips to 31 PERCENT

NIKKEI (Page 1) (Abridged)  
March 24, 2008

The approval rating for Prime Minister Yasuo Fukuda and his cabinet dropped 9 percentage points from February to 31 PERCENT in a public opinion survey conducted by the Nihon Keizai Shimbun on Mar. 21-23. The disapproval rating rose 6 points to 54 PERCENT. The Fukuda cabinet's nonsupport rate topped 50 PERCENT for the first time since it came into office and paralleled that of the Abe cabinet around the election in July last year for the House of Councillors. This can be taken as reflecting confusion over the appointment of Bank of Japan Gov. Toshihiko Fukui's successor and road-related tax revenues.

In the breakdown of public support for political parties, the ruling Liberal Democratic Party stood at 40 PERCENT, up 1 point. The leading opposition Democratic Party of Japan (Minshuto) was at 30 PERCENT, down 1 point. The gap between the LDP and the DPJ has increased from 8 points in the last survey to 10 points. The survey was taken by Nikkei Research Inc. over the telephone on a random digit dialing (RDD) basis. For the survey, samples were chosen from among men and women aged 20 and over across the nation. A total of 1,574 households with one or more eligible voters were sampled, and answers were obtained from 865 persons (55 PERCENT).

5) Poll: 64 PERCENT unhappy Fukuda cabinet's performance

YOMIURI (Page 1) (Full)  
March 24, 2008

Mar. 26 will mark a half year since Prime Minister Fukuda and his cabinet came into office. The Yomiuri Shimbun, in a face-to-face nationwide public opinion survey conducted Mar. 15-16, asked people if they gave high marks to the performance in office of Fukuda and his cabinet. Negative responses of "don't appreciate very much" and "don't appreciate at all" added up to 64 PERCENT, while affirmative answers, including "very much" and "somewhat," totaled 34 PERCENT. The Fukuda cabinet's support rate continued to drop for the third straight month and is now at 33.9 PERCENT, markedly down from the 59.1 PERCENT rating in a face-to-face survey taken after its inaugural last October. As seen from these figures in the survey, the public is taking a severe view of Fukuda and his cabinet.

In the latest poll, the public also was asked to pick one or more aspects of the accomplishments of the prime minister and his cabinet that could be positively evaluated. The choice of "blanket relief for all hepatitis C virus victims" accounted for 50 PERCENT, followed by "response to pension record-keeping flaws" at 18 PERCENT, and "resuming the Maritime Self-Defense Force's refueling mission in the Indian Ocean" and "initiative to deal with global warming" at 12 PERCENT each. But 27 PERCENT of the public found nothing to appreciate him for.

The public was further asked if they understood what kind of political goals the prime minister was aiming at. To this question, "yes" accounted for only 9 PERCENT, with "no" reaching 89 PERCENT. Asked if they thought the prime minister's job performance was sound. In response, 43 PERCENT answered "yes," with 48 PERCENT saying "no."

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Respondents were asked how long they would like the Fukuda cabinet to continue. To this question, "quit as soon as possible" accounted for 25 PERCENT , topping all other answers.

6) U.S. seaman contacted Navy of whereabouts on own volition; Kanagawa to seek cooperation for voluntary questioning of suspect (in connection with cab driver's slaying)

ASAHI (Page 39) (Abridged)  
March 23, 2008

In connection with the slaying of Masaaki Takahashi (61), a taxi driver from Yokosuka City in Kanagawa Prefecture, a seaman attached to the U.S. Naval Base at Yokosuka who had been absent without leave turned himself in to U.S. Navy authorities on the 22nd and was taken into custody. He had been missing for about three weeks. Although the seaman's credit card was found inside the taxi, there is no other evidence to show that he actually rode in the cab. His involvement in the killing remains a "blank sheet," so the police have decided to seek the cooperation of the U.S. Navy for voluntary questioning of the suspect.

According to U.S. Navy command, the Naval Criminal Investigation Service (NCIS) at 03:41 am on March 22 took custody of the deserter. The seaman said he had got into trouble at the base and could not make the time of departure for his ship, the USS Cowpens, an Aegis destroyer, of which he was a crewman. He was subsequently declared a deserter on March 10, having been missing since the first of the month.

While NCIS was searching for him, the seaman voluntarily turned himself in by contacting the Navy about his whereabouts. After being taken into custody, he was questioned about his desertion. According to an informed source, he reportedly has denied any connection with the killing.

In the investigation by the prefectural police, authorities found the seaman's credit card at the foot of the seat of the slain driver. However, in the NCIS investigation until now, except for the credit card, there is no other evidence to indicate the seaman had been riding in the cab.

During the NCIS investigation, the seaman himself contacted the U.S. Navy about his whereabouts. After being taken into custody, he has been confined to base, where he has been questioned about his desertion. According to an informed source, he has reportedly denied being connected with the murder incident.

7) Kanagawa prefectural police to possibly question U.S. seaman today over taxi driver murder case, suspecting he is linked to incident

YOMIURI (Page 39) (Excerpts)  
March 23, 2008

Masaaki Takahashi, 61, a taxi driver from Shinagawa Ward, Tokyo, was stabbed to death in Yokosuka City, Kanagawa Prefecture on the night of March 19. A special investigation team at the Yokosuka Police Station has asked U.S. Navy headquarters in Japan for permission to question as early as today a 22-year-old seaman based at Yokosuka Naval Base they are holding for being absent without leave,

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suspecting that he is linked to the incident. The investigation headquarters has information that the sailor is a U.S. citizen of Nigerian origin and that he has been keeping company with a private group for foreigners from Africa living in Tokyo. Police will also investigate the group, believing the group holds the key to establishing the seaman's movements and other information.

Seaman might have contacted Roppongi group after desertion

According to U.S. forces, the U.S. Naval Criminal Investigation Service (NCIS) apprehended the sailor at 3:41 a.m. March 22 in Gotanda, Shinagawa Ward, Tokyo, after the sailor called the base

earlier that day saying he was in the Tokyo metropolitan area and that he wanted someone to come for him. In questioning by the NCIS after being taken to the base, the seaman reportedly denied involvement in Takahashi's murder.

According to the police, after leaving the base on March 1, the seaman is believed to have met with members of the group for foreigners of African descent that have links to U.S. service members. The group is based in Roppongi, Tokyo, which is close to where the sailor was apprehended in Gotanda.

The investigation headquarters has been looking into the seaman's activities before and after the incident. In its voluntary questioning of the seaman, the special investigation team plans to probe him over the circumstances in which a credit card belonging to him was found in the taxi. The team will also investigate the seaman's connection to the group.

U.S. Naval Forces Japan headquarters explained yesterday afternoon to the Kanagawa prefectural police that it would respond to its request for questioning the seaman.

The U.S. Navy headquarters specifically said that it was prepared to accept a request from Japanese authorities to hand the sailor over for questioning at any time and that it would fully cooperate with the police's voluntary questioning at the base.

8) Yokosuka murder: U.S. Navy commander vows to fully cooperate on investigation

NIKKEI (Page 43) (Full)  
March 24, 2008

The U.S. military has now detained a 22-year-old U.S. Navy serviceman, who is the owner of a credit card that was discovered in a taxi when its driver was found slain in the city of Yokosuka, Kanagawa Prefecture. U.S. Naval Forces Japan Commander Rear Adm. Kelly held a press conference yesterday afternoon at the U.S. Navy's Yokosuka base. Kelly said there was still no request from Kanagawa prefectural police for questioning. However, he clarified that the U.S. Navy would fully cooperate on the prefectural police's investigation if there is a request.

The Kanagawa prefectural police's Yokosuka Police Station investigative taskforce asked the U.S. military yesterday if it would be possible to question the U.S. serviceman. The local police will make a formal request to the U.S. military after obtaining its answer.

"As a representative of the U.S. Navy in Japan, and as a citizen of  
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Yokosuka, I am worried about the incident this time," Kelly said. However, he avoided accounting in detail for whether the serviceman was involved in the incident. "Japanese investigative authorities are investigating the murder case, and I neither confirm nor deny what has been reported," Kelly said. He added: "He is in custody for desertion. At this point, he is not a suspect in the murder case."

Kelly said he was "not in a position to comment" when asked how the serviceman explained the credit card that was found in the taxi. He revealed that the serviceman, who had been absent without leave since Mar. 8, called U.S. naval authorities to report his whereabouts. However, Kelly said he had no information about what made the serviceman turn himself in.

9) 6,000 take part in protest in Okinawa against crimes by U.S. military personnel

MAINICHI (Page 2) (Full)  
March 24, 2008

Teruhisa Mitsumori

A rally in protest against incidents and accidents caused by U.S. military personnel was held yesterday in a park in front of a

baseball stadium in Okinawa's Chatan Town. Despite heavy rain, some 6,000 persons (according to the rally's executive committee) attended.

Because of a series of crimes committed by U.S. military personnel even after the arrest of a U.S. Marine on charge of raping a junior high school girl (though the victim withdrew her complaint later), 96 organizations, including the Prefectural Liaison Council for Nurturing Children, organized an executive committee to hold a rally. The executive committee initially aimed at staging a suprapartisan rally, but the rally was not joined by the LDP, the largest group in the prefectural assembly. Nor did Gov. Hirokazu Nakaima attend it. But the New Komeito, a junior coalition partner of the LDP in the prefectural assembly, joined the rally. Ten heads of municipalities, including conservatives, such as Naha Mayor Takeshi Onaga, the former secretary general of the LDP Prefectural Chapter, attended the rally.

Tetsuei Tamayori (73), chair of the executive committee and chair of the above prefectural liaison council, stated in a speech: "We need to continue our efforts so that the Japan-U.S. Status of Forces (SOFA) Agreement will be modified drastically." Okinawa City Mayor Mitsuko Toumon said: "I am indignant with the central government for its inability to take any effective measures even after an incident occurs." Naha Mayor Onaga said: "I am really angry at the possibility that Okinawa will be forced to continue to bear a large burden of the Japan-U.S. Security Treaty."

The rally adopted a four-point resolution, which calls for a drastic revision to the SOFA, in which the U.S. military has the upper hand, a reduction and realignment of U.S. military bases, and a troop cut of U.S. forces in Okinawa. Executive committee members will visit Tokyo, possibly in early April, and present the resolution to the central government.

10) Need for review of SOFA voiced by many in rally in Okinawa;  
Ruling parties now positive about review

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MAINICHI (Page 2) (Full)  
March 24, 2008

Nakae Ueno

A rally protesting incidents and accidents committed by U.S. military personnel was held in Okinawa yesterday. The calls voiced in the rally were focused on the need for a drastic revision to the Japan-U.S. Status of Forces Agreement (SOFA). Joining the rally from the ruling bloc, whose previous position toward the SOFA was improving its operation, was the junior coalition partner New Komeito's Prefectural Chapter members. They attended the rally to call for a review of the SOFA. In response to the local call, the ruling Liberal Democratic Party (LDP) now appears willing to discuss a review of SOFA. The rally has created momentum in the ruling bloc to review the SOFA.

Immediately after a U.S. Marine was arrested on a charge of raping a junior high school girl last month, Chief Cabinet Secretary Nobutaka Machimura and other leaders in the central government clearly ruled out the possibility of revising SOFA. Their attitude came under criticism from a number of rally participants, including Naha City Mayor Takeshi Onaga. The New Komeito's House of Councilor member Kiyohiko Toyama also stated: "It is necessary for Okinawa to demonstrate its intent to seek to revise the SOFA. I also would like everybody to realize that the problem facing Okinawa is a problem facing Japan."

With the prefectural assembly election slated for June in Okinawa, the ruling and opposition parties will assume a more confrontational stance. The New Komeito was initially not positive about attending the rally by noting that its attendance would only benefit the opposition bloc, whose position toward the base issue is different from the ruling bloc's. But because the focus of the rally shifted later to calling for a review of the SOFA, the New Komeito decided to participate in the rally on the grounds that doing so meets the

party's assertions.

The central government and the ruling bloc have moved in tandem so far by containing calls for a review of the SOFA but insisting on improving its operation. But senior members of the LDP and the New Komeito in the Okinawa Prefectural Assembly have asked the government since the start of the month to drastically review SOFA.

Taku Yamasaki, a former vice LDP president who now heads the LDP's foreign affairs panel as well as the Okinawa economic promotion panel, noted: "After seeing a proposal made by the prefectural side, I want to set a timetable for a joint session and begin discussion on specifics." New Komeito Representative Akihiro Ota, as well, softened his attitude and told a news conference on March 21: "We'd like to discuss fully the matter with the Okinawa side."

11) Fukuda pledges Defense Ministry reform in National Defense Academy graduation ceremony; 26 refuse commissions

MAINICHI (Page 2) (Full)  
March 29, 2008

Delivering a speech in a graduation ceremony at National Defense Academy (in Yokosuka, Kanagawa Prefecture, with Principal Makoto Iokibe) yesterday, Prime Minister Yasuo Fukuda restated his determination to reform the Defense Ministry to regain public trust.

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He said:

"Public trust in the Defense Ministry and the Self-Defense Force has been significantly undermined due to the collision between a Maritime Self-Defense Force destroyer and a fishing boat and other incidents. I am determined to prove what problems lay in them and why such incidents took place. I will also make utmost efforts to carry out reform."

Defense Minister Shigeru Ishiba indicated in a speech the need to ensure civilian control, saying:

"The past war is a striking example of civilian control not functioning. After losing the war, our nation has not directly tackled the essence of security with military affairs as the core. Those who learn nothing from history repeat the same mistakes."

Excluding nine students from overseas, 415 graduated from the school. This year, 26 graduates - 16 more than last year - refused to receive commissions. In FY1990 during the bubble economy years, the number was 94, marking the highest record since the school was established, but the 26 is the highest since (the 34 was marked) in FY1991. With three not appointed for such reasons as health problems, 386 have received commissions. Those who left school midway through totaled 100, two less than last year.

12) Japanese, Chinese finance ministers agree on cooperative efforts to stabilize Asia economy

NIKKEI (Page 3) (Excerpts)  
March 24, 2008

Finance Minister Fukushiro Nukaga and his Chinese counterpart Xie Xuren met yesterday as part of the second Japan-China Finance Dialogue to discuss their countries' economic and financial issues at the Finance Ministry. Given concerns growing about a slowing global economy triggered by the U.S. subprime mortgage crisis, the two finance ministers agreed that Japan and China should work together to keep the Asian economy from being negatively affected by such concerns. Nukaga asked his counterpart to make the yuan more flexible against foreign currencies so that China's economic growth will continue into the future.

The two finance ministers discussed the Asian economic situation and other issues for about one and a half hours. In reference to the ongoing panic in the U.S. economy caused by the subprime loan problem, Nukaga said: "To avoid any negative impact on the Asian economy, it is important for Japan, China, and India to play the



role of a locomotive to drive forward the economy." Xie replied: "Japan and China should exchange frank views and make efforts to resolve various global economic issues." The two agreed to cooperate for continued Asian economic growth.

The finance ministers also referred to the recent poisoning outbreak caused by tainted Chinese dumplings. They agreed that they should endeavor to resolve the issue at an early date in order to provide the peoples of the two countries with a sense of safety. The next session of the dialogue will be held in China in 2009. Nukaga and Xie also agreed to hold vice-ministerial and bureau-director-level meetings as the need arises.

13) Taiwan's present-elect Ma emphasizes "importance of relations

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with Japan"; Wishes to visit Japan soon

YOMIURI (Page 2) (Excerpts)  
March 24, 2008

(Kenichi Yoshida, Taipei)

Taiwan's president-elect Ma Ying-jeou gave an interview to members of the Japanese press corps, including Yomiuri Shimbun, at his election office in Taipei on March 23. The 57-year-old Ma revealed that he is looking into an early visit to Japan, remarking: "I won't exclude Japan and the U.S. (from my first overseas trip prior to my presidential inauguration) in light of the importance of those countries' relations with Taiwan." It was Ma's first interview with foreign press corps after his election on the 22nd.

Ma emphasized: "I place great importance on ties with Japan." He then indicated a desire to further promote cooperative relations with Japan in a variety of areas, such as culture, education, and science and technology. But Chinese President Hu Jintao is scheduled to visit Japan in May. Given this, attention is focused on whether Ma's Japan visit will be realized.

Ma stressed his willingness to build a favorable relationship with Japan through continuous efforts to be knowledgeable about Japan, saying: "I support the Japan-U.S. Security Treaty. Although I have yet to learn much about Japan, I would like to deepen my understanding of Japan from various quarters."

14) ROK President Lee: "Abduction issue should be resolved through multilateral framework"

NIKKEI (Page 2) (Excerpts)  
March 24, 2008

Masanori Yamaguchi, Seoul

South Korean President Lee Myung Bak called for a multilateral framework that will involve Japan, South Korea, the United States, and China as a means to resolve the issue of abductions of Japanese nationals. Lee noted: "I think it will be better for countries to work together to resolve the issue than for Japan to singly try to resolve the issue." On how to strengthen Japan-South Korea relations, Lee said, "I will discuss an action plan in concrete terms with Prime Minister Yasuo Fukuda, when he visits South Korea." Lee indicated his plan to reach agreement on specifics on the action plan when Fukuda visits South Korea this fall.

The South Korean government has estimated that the number of South Koreans abducted by North Korea totaled some 480. It also has estimated that there are 500 or more South Korean soldiers still taken prisoners of war (POWs) in North Korea since the Korean War. Lee stressed: "North Korea needs to take a humanitarian measure without any conditions attached to deal with the issue." Lee indicated his willingness to resolve the humanitarian issues involving North Korea, particularly the abductions of South Koreans.

Keeping in mind also the issue of abductions of Japanese nationals, Lee stated, "Cooperation between South Korea and Japan, between

South Korea and the U.S., and between South Korea and China are all necessary in order to resolve the humanitarian issues

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comprehensively." Lee indicated he will use the six-party framework on the North Korean nuclear issue to pressure (North Korea) to resolve the humanitarian issues. Lee's diplomatic position is in sharp contrast to his predecessor Roh Moo Hyun, who prioritized reconciliation with North Korea and was critical of the Japanese government for its seeking to resolve the abduction issue at the forum of six-party talks.

15) DPJ to reject ruling bloc's call for gasoline tax revision talks

Evening, TOKYO SHIMBUN (Page 1) (Excerpts)  
March 22, 2008

Democratic Party of Japan Secretary General Yukio Hatoyama, appearing on a commercial television program on the morning of March 22, indicated that his party would not respond to the ruling camp's call for talks on revising a bill amending the Special Taxation Measures Law, including the maintenance of the provisional gasoline tax rate, unless the ruling bloc assures that it would place the road tax revenues into the general account and abolish the provisional tax rates. The DPJ leadership, including President Ichiro Ozawa, is expected to formally decide to reject the ruling bloc's request in their talks on March 24.

16) DPJ Secretary General Hatoyama: Abolition of provisional tax rates precondition for passage of tax reform bills within this fiscal year

YOMIURI (Page 2) (Excerpts)  
March 24, 2008

When asked about his party's response to a revision of the tax reform-related bills including a bill amending the Special Taxation Measures Law, aimed at retaining the current provisional gasoline tax, Democratic Party of Japan (DPJ) Secretary General Yukio Hatoyama said during an NHK talk show: "It is impossible to enact the bills while maintaining the present provisional tax rates." He expressed again that the DPJ would agree to the government's and ruling coalition's plan to enact the bills within the current fiscal year if they accept its proposal abolishing the provisional tax rates.

Hatoyama, however, took a negative stance toward a ruling camp call for consultations on a revision of the bills, saying: "We should debate at the Diet, not behind closed doors."

DPJ Deputy President Naoto Kan delivered a speech yesterday in Utsunomiya City. In it, Kan stated: "(The ruling camp) does not intend to modify the bills. Since their plan does not specify details, we cannot discuss them."

Liberal Democratic Party Secretary Bunmei Ibuki, also appearing on yesterday's NHK talk show, criticized the DPJ, noting: "Nothing will be decided if the DPJ rejects consultations when things do not go as they wish."

Referring to the agreement mediated by the top leaders of the two Diet chambers that a certain conclusion will be reached within this fiscal year, Ibuki stated on a Fuji TV program yesterday: "The mediation would be authoritative. I think the Lower House speaker will present a solution this week." He hoped for coordination by the

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speaker.

17) Drop in gasoline prices: What are local governments going to do about revenue shortfalls totaling 1.6 trillion yen?

SANKEI (Page 1) (Full)

March 24, 2008

With the battle between the ruling and opposition parties entering the homestretch with the expiration of the provisional gas tax rate close at hand on Mar. 31, cheaper gasoline prices appear inevitable. The Liberal Democratic Party (LDP) and the New Komeito are placing their last glimmer of hope on revision talks with the Democratic Party of Japan (DPJ or Minshuto). However, there are no indications of the DPJ responding to the call. Provided that the provisional tax rate for special-purpose road construction revenues is abolished, the central and local governments would suffer revenue shortfalls totaling 2.6 trillion yen. Taking measures to deal with this situation has emerged as a pressing issue.

LDP Secretary General Bunmei Ibuki and his DPJ counterpart Yukio Hatoyama yesterday appeared on Fuji TV's Hodo-2001 and other TV talk shows to discuss the issue. However, their exchanges ended up without the two making any progress, with Ibuki noting: "We will protect local government's fiscal resources. We have proposed holding talks to that end," and Hatoyama rebutting: "Upper House deliberations have yet to start. Discussing the issue at another venue at such a stage is tantamount to bid-rigging."

Hatoyama categorically said that the ruling camp's revision policy is forgoing the issue and making no revisions. He thus indicated his party's stance of making no concessions on the abolition of the provisional gas tax rate.

Hatoyama is taking such a bullish stance because he finds the current situation overwhelmingly advantageous to his party. That is to say, if the Upper House at the end of the month adopts the DPJ's counterproposal -- three bills related to road policy reform, excluding portions for special-purpose road construction revenues, all provisional rates, such as tariffs, would be abolished. In order to avoid a major panic from occurring, the ruling parties have no other option but to adopt the DPJ-sponsored bills in the Lower House.

If the price of gasoline drops about 25 yen per liter starting on April 1 and the ruling camp reinstates the provisional rate one to two months later by adopting their bills once again in the Lower House, public criticism of the government and the ruling parties is bound to mount. In addition, the DPJ says that if the ruling camp adopts the bills once again in the Lower House, it would most likely submit a censure motion against the prime minister, as Hatoyama warned. Should that occur, the likelihood is that the administration would be pushed over the precipice.

Local governments will lose tax resources worth approximately 900 billion yen, such as the light oil delivery tax and the automobile acquisition tax, if the provisional rate for road funds is scrapped. They will also lose approximately 700 billion yen in special local tax allocation subsidies for road construction. As a result, they would register a total of 1.6 trillion yen in revenue shortfalls.

18) Foreign investors moving away from Japanese stocks due to strong

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yen, uproar over selection of BOJ governor: Selling in second week of March second-heaviest on record

NIKKEI (Page 1) ( Full)  
March 22, 2008

According to statistics released on March 21 by the Tokyo Stock Exchange, foreign investors' Japanese stocks selling on balance in the second week of March (Mar. 10-14) on the Tokyo, Osaka and Nagoya Stock Exchanges increased to 922.6 billion yen, marking the second largest figure, following 1.122 trillion yen recorded in the third week of October 1987, after "Black Monday." Japan-selling by foreign investors apparently reached a record level following the turmoil over the selection of Bank of Japan governor.

Foreign investors are a major market player, commanding 60 PERCENT of the trading volume. Up until recently, the second-largest selling on account was 751.9 billion yen recorded in the third week of

August last year, which saw world-wide stock plunges stemming from a commotion on the financial market due to the subprime mortgage crisis. But the amount marked in March topped that amount by about 170 billion yen.

Japanese stocks are increasingly suffering setbacks, such as the strengthening yen, with the currency breaking the 100 yen to the dollar level. Candidates for BOJ governor have been rejected in the Upper House, which has dampened foreign investors' expectations of structural reforms, as it indicates that political decision-making is not going smoothly, as Nikko Citigroup securities strategist Patrice Moor put it. This has also accelerated the trend of foreign investors moving away from Japanese stocks.

19) Poll: Kabashima gets most votes of ruling coalition supporters, Kamakura fails to obtain many DPJ supporters' votes

YOMIURI (Page 2) (Excerpts)  
March 24, 2008

According to the results of Yomiuri Shimbun's exit polls on yesterday's Kumamoto gubernatorial election, Ikuo Kabashima received most votes from supporters of the ruling Liberal Democratic Party and New Komeito. However, Takayuki Kamakura failed to get votes from supporters of the main opposition Democratic Party of Japan (DPJ), which recommended him. He was also unable to obtain support from nonaligned voters.

A total of 61 PERCENT of the LDP supporters voted in favor of Kabashima and about 70 PERCENT of the New Komeito supporters voted for him.

Only 40 PERCENT of the DPJ supporters voted for Kamakura. Kabashima secured 26 PERCENT of the votes of the DPJ supporters, while 10 PERCENT of the DPJ votes went other candidates Toshiaki Kitazato and Masayoshi Yagami respectively.

20) Kabashima wins Kumamoto gubernatorial election

YOMIURI (Page 2) (Full)  
March 24, 2008

Ikuo Kabashima, 62, a former University of Tokyo professor, backed by the ruling Liberal Democratic party, won the Kumamoto

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gubernatorial election yesterday, defeating Takayuki Kamakura, 61, who was recommended by the main opposition Democratic Party of Japan (DPJ) and three other candidates. Kabashima said (during his election campaign) that he would make a decision after six months after taking over the governorship on whether to implement a project to build a dam on the Kawabe River (in Sagara Village) or cancel the project, even though the construction project was planned 41 years ago. Therefore, all eyes are now on what decision Kabashima will make after he assumes the governor's post. Voter turnout was 49.36 PERCENT, topping the record law of 38.67 PERCENT in the previous election.

The election was contested by Kabashima, Kamakura and three other conservative candidates.

Because of his desire to secure support from wide-ranging voters, Kabashima refrained from receiving formal support and recommendation from the LDP. He, however, won a landslide victory, backed by supporters of the LDP and New Komeito, as well as unaffiliated voters.

Meanwhile, Kamakura played up his opposition to the dam construction project, while stressing his experience of serving as a prefectural government official. However, the DPJ decided to recommend Kamakura immediately before the start of the official campaign for the gubernatorial race. The Rengo (Japan Trade Union Confederation) Kumamoto decided to let its members cast their votes independently.

SCHIEFFER